

Determinants of the corporate decision to disclose stakeholders' reports in France

Salma DAMAK AYADI

**Researcher in CREFIGE (European Research Centre in
Finance and Management)**

Paris 9 Dauphine University

**Place Maréchal de Lattre de Tassigny 75775 Paris Cedex
16 France**

salmadamak@yahoo.fr

**Paper presented in the European Accounting Association Congress, Prague, Czech Republic, 2 April 2004
Paper presented in “Séminaire LUCA PACIOLI”, Université de Paris 9 Dauphine, Paris, France, 8 Avril
2004**

ABSTRACT

Although corporate social reporting has been the subject of substantial academic accounting research since two decades, literature does not possess an overall coherence (Gray *et al.*, 1995). It can take an almost infinite range of forms. The most common are reporting in annual reports and reporting through stand-alone social reports. In addition, social reporting takes place through advertising, product packaging, conferences and company websites. The most studies were related information's disclosed in annual reports but we concluded that it is most relevant to study other means as stakeholders' reports. In literature, a small number of studies examine explicitly the determinants of decision to disclose stakeholders' reports. An organisation might voluntary report information's for many reasons in order to develop corporate image, to legitimise current activity, to distract attention from other areas, to discharge accountability, to forestall legislation (Gray and Bebbington, 2001). This study develops and empirically tests a model of the corporate decision to disclose stakeholders' reports by French firms. The related literature is then reviewed. The first section identifies the factors influencing this decision. Literature focuses on the influence of corporate characteristics (such as size and industry grouping) and general contextual factors (such as the social, political and economic context) and the review highlights the lack of prior literature examining the influence of internal context.

In the second section, variables are then defined before a presentation of the empirical tests. This study hypothesises that the decision to disclose stakeholders' reports is correlated with the size, the reputation of industry, the financial performance, the salience of stakeholders and the degree of internationalisation of the firm's activity. Companies (82) used to estimate the social disclosure model are drawn from 500 major corporations that were investigated in 2000.

Finally, a summary and a conclusion are presented. The results of the empirical test are of interest for several reasons. First, the significance of the model provides evidence that stakeholder theory is an appropriate foundation for empirical analyses of corporate social disclosure. Second, the results support that the salience of diffuse stakeholders, the reputation of the industry and the size of the firms are the most important factors. Third, the relationship between the degree of internationalization and the decision studied is not confirmed. Fourth, the variables that have the most effect on this decision are the reputation of industry and the salience of diffuse stakeholders. The results of this study provide strong evidence that application of stakeholder theory to empirical corporate social disclosure research can move future research in this area.

KEY WORDS

Stakeholder theory, stakeholders' report, corporate characteristics, external factors, stakeholders

INTRODUCTION

Social and environmental disclosures by corporations have been steadily increasing in both size and complexity over the last two decades. Research attention over the years has attempted to codify, explain and understand an area of corporate activity, which appears to lie outside the conventional domains of accounting disclosure. This study develops a model of the corporate decision to disclose stakeholders' reports (SR) based on stakeholder theory.

Freeman's (1984) definition of a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" is widely cited, but it offers an extremely wide field of possibilities as to who or what really is a stakeholder (Mitchell *et al.* 1999). We propose to distinguish between :

- Contractual stakeholders: who have a contractual relationship with the firm as stockholders, customers, suppliers and employees and others contractual stakeholders.
- Diffuse stakeholders: who can affect or are affected by the achievement of the organization's objectives who have not necessarily an explicit contractual relationship with firm as public organizations, community, non governmental organisations, public opinion and others diffuse stakeholders.

This paper is structured as follows. The first section provides a brief review of the prior research, which has explored the determinants of social reporting, the formulation of hypothesis and the model with which this paper is principally concerned. The second presents the results and conclusions, which give support for the hypotheses.

1. PRESENTATION OF STUDY

In this section, the related literature is reviewed, the factors influencing the decision to disclose SR are identified.

1.1. Related research

Social and environmental disclosures may also take place through different media. Most researchers into such disclosure tends to focus on data contained within the corporation's annual report, a wide range of different media may be employed: advertising, focus groups, employee councils, booklets, schools education and so forth (Zeghal and Ahmed, 1990). The phenomenon of corporate social reporting has attracted research attention from many different focus groups.

Two types of empirical studies characterise the research on social reporting of firms. The first, descriptive studies, examines the potential relationships between the extensiveness of a firm's social disclosure and their characteristics (size, profit and industry affiliation). The second, explicative studies, proposes different determinants of the decision to disclose social and environmental informations. Our study adopts the second subject. In this context, we can distinguish three approaches: rational, conformist and moral approach.

The first approach considers that ethic attitudes are the result of a rational process of decision. So social reporting is practiced in order to fulfil organisational targets. Agency theorists have seen this phenomenon as a mean to reduce agency costs (Gray and Bebbington, 2001) and to increase profits (Anderson and Frankle, 1980; Belkaoui, 1976; Ingram, 1978; Shane and Spicer, 1983; Cochran and Wood, 1984; Moskowitz, 1972; Vance, 1975; Alexander and Buchholz, 1978; Bowman and Haire, 1975; Bragdon and Marlin, 1975; Chen and Metcalf, 1980; Fogler and Nutt, 1975; Spicer, 1978).

The second approach integrates a conformist idea and suggests that social reporting helps firms to manage the divergent interests of stakeholders (Freeman, 1984; Roberts, 1992; Tilt, 1994; Guthrie and Parker, 1990; Lerner and Fryxel, 1994; Weaver *et al.*, 1999; Luoma and Goodstein, 1999).

The last approach is moral. There are few studies in this context. Moral issues and social values are then the origin of corporate social disclosures. Gray and Bebbington (2001) and Adams and Kuasirikun (2000) think that culture is the main factor which can justify the development of social reporting.

A lack of sufficient theoretical support for designed to explain social reporting leads to inconsistent, even contradictory, results. This study tests the ability of stakeholder theory to explain this practice. This theory appeared in recent years. The essential premises are as follows:

- The corporation has relationships with many groups of stakeholders (Freeman, 1984)
- The interests of all stakeholders have an intrinsic value and no set of interests is assumed to dominate the others (Clarkson, 1995)

It concerns essentially the nature of the relationships organisation-stakeholders and focuses on managerial decision-making (Donaldson and Preston, 1995). Freeman (1984) has discussed the dynamics of stakeholders' influences on corporate decisions. A major role of corporate management is to assess importance of meeting stakeholder demands in order to achieve the strategic objectives of the firm. Stakeholder theory has been applied to analytical and empirical analyses of the firm and the environment in which it operates.

Donaldson and Preston (1995) have recently distinguished between normative, descriptive and instrumental stakeholder theory. This typology explicates some traits early formulations of stakeholder theory left implicit. It suggests that:

- A normative approach: firms/managers should behave in certain ways.
- An instrumental approach: certain outcomes are more likely if firms/managers behave in certain ways.
- A descriptive approach: firms/managers actually behave in certain ways.

Stakeholder theory has been hampered by almost exclusive analysis of stakeholders from the perspective of the organisation. Freeman (1984) justified consideration of stakeholders for their contribution to the strategic management of firms. According to Jones and Wick (1999), one of the essential premises of stakeholder theory is that it focuses on managerial decision-making.

The purpose of this study is to test empirically a stakeholder theory analysis of the determinants of decision to disclose SR in the French context.

1.2. Social reporting

Although corporate social reporting has been the subject of substantial academic accounting research since two decades, literature does not possess an overall coherence (Gray *et al.*, 1995). It can take an almost infinite range of forms. The most common are reporting in annual report and reporting through stand-alone social reports. In addition, social reporting takes place through advertising, product packaging, conferences, and company websites. The most studies were related information's disclosed in annual reports but we concluded that it is most relevant to study other means as SR. In the KPMG survey (1997), 23% of the 100 biggest firms have published SR in 1996. In France, 21% of the 100 biggest firms have SR in 2000. There was few studies which were interested in this new mean of organization-stakeholder's communication.

1.3. Factors influencing the decision to disclose stakeholders' reports

In literature, a small number of studies examine explicitly the determinants of decision to disclose SR. An organisation might voluntary report information for many reasons in order to develop corporate image, to legitimise current activity, to distract attention from other areas, to discharge accountability, to forestall legislation (Gray and Bebbington, 2001). Literature focuses on the influence of corporate characteristics (such as size and industry grouping) and general contextual factors (such as the social, political and economic context)

and the review highlights the lack of prior literature examining the influence of internal context.

The factors examined have been broken down into three categories: corporate characteristics, external factors and internal factors.

1.3.1. Corporate characteristics

Many recent studies of the impact of corporate characteristics on social reporting have tended to concentrate on these factors:

- Size (Fry and Hock, 1976; Trotman and Bradely, 1981; Singh and Ahuja, 1983; Ingram and Frazier, 1983; Chow and Boren, 1987; Cowen *et al.*, 1987; Freedman and Jaggi, 1988; Belkaoui and Kaprik, 1989; Adams *et al.*, 1995; Hackson and Milne, 1996; Ness and Mirza, 1996; Adams *et al.*, 1998; Stanwick and Stanwick, 1998; Gray *et al.*, 2001)
- Industry membership (Baker and Naser, 2000; Fry and Hock, 1976; Preston, 1978; Abbott and Monsen, 1979; Singh and Ahuja, 1983; Cowen *et al.*, 1987; Freedman and Jaggi, 1988; Hackson and Milne, 1996; Ness and Mirza, 1996; Gray *et al.*, 2001)
- Financial performance (Bowman and Haire, 1975; Ingram and Frazier, 1983; Fry and Hock, 1976; Belkaoui, 1976; Bowman, 1978; Ingram, 1978; Preston, 1978; Abbott and Monsen, 1979; Anderson and Frankle, 1980; Singh and Ahuja, 1983; Shane and Spicer, 1983; Chow and Boren, 1987; Freedman and Jaggi, 1988; Herremans *et al.*, 1993; Cormier and Magnan, 1996; Stanwick and Stanwick, 1998; Ingram and Frazier, 1980; 1983; Belkaoui and Karpik, 1989; Freedman and Jaggi, 1982; Cowen *et al.*, 1987).
- Age of the firm (Singh and Ahuja, 1983).
- Capital structure (Cormier and Gordon, 2001; Ingram and Frazier, 1983; Gray *et al.*, 2001).

1.3.2. External factors

As well as corporate characteristics, prior literature has examined the influence of external factors in which corporate disclosures are made.

- The country of origin of a company (Adams and Kuasirikun, 2000; Belkaoui and Karpik, 1989; Cowen *et al.*, 1987; Guthrie and Parker, 1990; Ness and Mirza, 1991; Trotman and Bradley, 1981; Williams and Pei, 1999; Adams *et al.*, 1995).
- Political and social context (Adams and Harte, 1998; Hogner, 1982).
- Economic context (Guthrie and Parker, 1989)
- Cultural context (Adams and Kuasirikun, 2000)
- Stakeholders' pressures (Henriques and Sadosky, 1996; Pelle, 1998; Moneva and Llena, 2001; Gamble *et al.*, 1996; Niskala and Pretes, 1995).

1.3.3. Internal factors

There is little prior research on the internal processes of corporate ethical, social and environmental reporting or attitudes which influence decision-making.

- Presence of a corporate social reporting committee (Cowen *et al.*, 1987; Pelle, 1998)
- Culture of the firm (Gray and Bebbington, 2001; Brenner and Molander, 1977)
- Reporting processes (Adams, 2002)

This study hypothesises that the decision to disclose SR is correlated with the size, the reputation of industry, the financial performance, the salience of stakeholders and the degree of internationalisation of the activity of the firm.

1.4. Hypotheses

This paper tests the following series of broad hypotheses:

1.4.1. Hypotheses related to corporate characteristics

The size

Company size has been suggested in several studies as a correlate of the level of corporate social responsibility activity. These studies posited that corporate size would be related to social responsibility activities because larger companies are more likely to be scrutinized by both general public and socially sensitive special interest groups. Exploring the relationship between size and social and environmental disclosures has produced somewhat more consistent results (Balkaoui and Karpik, 1989; Trotman and Bradley, 1981; Adams *et al.*, 1995; Adams and Hart, 1998; Hackston and Milne, 1996). Singh and Ahuja (1983) find no relationship between size and social and environmental disclosures.

Therefore, the following hypothesis is proposed:

H1: The size of the firm has a positive influence on the decision to disclose stakeholders' reports.

The reputation of industry

A small number of studies has examined whether industry sector is able to explain social and environmental disclosures. Here again, the results are less than consistent. Hackston and Milne (1996) reported that disclosures are most important in high profile industries. Ness and Mirza (1991) found that this relationship holds specifically for the oil industry. These studies have used samples from the metals, oil, chemical, electronic computing, food processing, airline, and numerous other industries in analyses of corporate social disclosures either because of data availability or because of the perception that the particular industry faced unique social pressures. Most of these studies considers the industry as a dichotomy variable and don't provide a measure for it. Other studies consider the index reputation of the CEP¹, FORTUNE or KLD². This method is used to measure corporate social responsibility, so, observers rate firms on the basis of one or more dimensions of social performance. It provides a summary about perceptions of a specific subject. But such ranking

are highly subjective and thus may vary significantly from one observer to another. We apply this method to classify some industries in France. The survey was conducted to evaluate the sensibility of twenty one industries to the social and environmental problems.

We propose that, in high index reputation industries, we find most stakeholder's reports.

Therefore, the following hypothesis is proposed:

H2: The reputation of a firm's industry has a positive influence on its decision to disclose stakeholders' reports.

The financial performance

The relationship between financial performance and social and environmental disclosures is examined in many studies but researchers have not reached real consensus on the relationship between these variables.

- Positive relationship (Fry and Hock, 1976; Bowman and Haire, 1975; Preston, 1978; Bowman, 1978; Abbott and Menson, 1979; Freedman and Jaggi, 1988; Belkaoui, 1976; Anderson and Frankle, 1980; Singh and Ahuja, 1983; Shane and Spicer, 1983; Chow and Boren, 1987; Herremans *et al.*, 1993; Cormier and Magnan, 1996; Stanwick and Stanwick, 1998).
- Negative relationship (Ingram and Frazier, 1980; 1983; Belkaoui and Karpik, 1989).
- No relationship (Freedman and Jaggi, 1982; Cowen *et al.*, 1987)

Therefore, the following hypothesis is proposed:

H3: The financial performance has an influence on the decision to disclose stakeholders' reports. The sign of this influence is not defined.

The degree of internationalisation

International comparisons indicated variations between countries (Williams and Pei, 1999; Pelle, 1998; Adams *et al.*, 1995; 1998; Belkaoui and Karpik, 1989; Cowen *et al.*, 1987; Guthrie and Parker, 1990)

Therefore, the following hypothesis is proposed :

H4 : The degree of internationalisation has a positive influence on the decision to disclose stakeholders' reports.

1.4.2. Hypotheses related to external factors

In the literature, some studies examine the influence of stakeholders' pressures on the corporate decision (McGuire *et al.*, 1988) :

- On social and environmental disclosures (Roberts, 1992; Henriques and Sadorsky, 1996; Pelle, 1998; Moneva and Llena, 2001)
- On ethic programs (Weaver *et al.*, 1999)
- On strategies (Henriques and Sadorsky, 1999)
- On social performance (McWilliams and Siegel, 2001; Ruf *et al.*, 2001)
- On financial performance (Cornell and Shapiro, 1987; Meznar *et al.*, 1994; Steadman, 1997; Berman *et al.*, 1999; Becker and Potter, 2002)
- On social identity (Scott and Lane, 2000).

The salience of every group of stakeholder is evaluated with a content analysis of the annual reports and stakeholders' reports published by French firms in 2000.

First, we suggest that the salience of both contractual and diffuse stakeholders incite firms to publish SR. Second, we think that the salience of diffuse stakeholders is more reliant for this type of decision than the salience of contractual stakeholders.

Therefore, the following hypotheses are proposed :

H5: The salience of contractual stakeholders has a positive influence on the decision to disclose stakeholders' reports.

H6: The salience of diffuse stakeholders has a positive influence on the decision to disclose stakeholders' reports.

H7: The salience of diffuse stakeholders is more important than the salience of contractual stakeholders.

1.5. Variable definitions

The various hypotheses and variables are combined into an empirical testable model specified as follows:

$$Y = C + b_1 \text{ LOGS} + b_2 \text{ LOGA} + b_3 \text{ IND} + b_4 \text{ RS} + b_5 \text{ ROE} + b_6 \text{ ROA} + b_7 \text{ INT} + b_8 \text{ CS} + b_9 \text{ DS}$$

Where :

Y: Dependant variable. It's a binary variable.

C : Constant

b_i : Coefficient of the observation i in the model

LOGS : size of the firm measured as the log of total sales

LOGA : size of the firm measured as the log of assets

IND : the reputation of industry measured as reputation index

RS : Financial performance measured by the ratio : profit/sales

ROE : Financial performance measured by return on earnings

ROA : Financial performance measured by return on assets

INT: A degree of internationalisation measured by the ratio foreign sales / total sales

CS : Salience of contractual stakeholders

DS : Salience of diffuse stakeholders

1.5.1. Dependant variable

The dependant variable for the publication of SR (Y) is adapted from an extensive analysis of social reporting activities of 82 major corporations in France. It's a binary variable; with 1 if firm has a stakeholder's report and 0 if not. So the empirical model was estimated using binary logistic regression. A simple linear regression of Y on x is not

appropriate, since among other things, the implied model of the conditional mean places inappropriate restrictions on the residuals of the model. Furthermore, the fitted value of Y from a simple linear regression is not restricted to lie between zero and one.

1.5.2. Independent variables

The independent variables used in the empirical tests represent the size, the reputation of industry, the financial performance, the salience of contractual and diffuse stakeholders and the degree of internationalisation of the firm. The proxies selected to represent these hypothesized influences on decision to disclose stakeholder's reports are discussed in this section.

Size variables

The variables related to the size are log of total sales LOGS and log of total assets LOGA. Logarithmic transformations of the size variables are used when estimating the model. The transformations are performed because variables with observations that are large in absolute amounts can overwhelm other variables during the logistic regression iteration process.

Reputation of the industry

103 students of business administration and management were questioned about their views on the reputation of these industries. Indexes generated by this study (presented in appendix) were used to test the model. IND measures the average of scores allowed by students and professionals for the sensibility of this sector to social and environmental problems. In our sample, we classify twenty one industries (appendix 1).

Financial performance variables

Most measures of financial performance fall into two broad categories: investor's returns (Abbott and Monsen, 1979; Bowman and Haire, 1975; Freedman and Jaggi, 1992; Bragdon and Marlin, 1972; Chen and Metcalf, 1980; Spicer, 1978; Bowman, 1978; Preston,

1976; Cowen *et al.*, 1987; Freedman and Jaggi, 1988; Agle *et al.*, 1999; Roberts, 1992) and accounting returns (Fry and Hock, 1976; Gray *et al.*, 2001; Neu *et al.*, 1998).

Measures related to market fluctuations and accounting practises are avoided. We use: ROA, Result/sales and ROE.

Degree of internationalisation

This variable is measured by the ratio : foreign sales/total sales.

Stakeholders' salience

The salience of both groups of stakeholders is evaluated with a content analysis of the disclosure of the companies in the annual and stakeholder's reports. For each group of stakeholders:

- Contractual stakeholders: stockholders, employees, suppliers, customers and others contractual stakeholders.
- Diffuse stakeholders: public organism, non-governmental organisations, community, public opinion and others diffuse stakeholders.

The salience takes 1 if companies indicate in their annual or stakeholder's reports that this group of stakeholder takes importance and 0 if not. So this measure can take values 0 to 5. One example is presented in appendix 2.

1.6. Sample selection and period for disclosures

Companies used to estimate the social disclosure model are drawn from 500 major corporations that were investigated in 2000. We selected the sample (82 French firms) with tree criteria : the size, the industry and the social and environmental disclosures.

Data are treated with SPSS program. The results of the model tests are presented in follow.

2. RESULTS

2.1. Descriptive statistics and correlation

Descriptive statistics for the data employed in the analysis are shown in table 1 and 2. Mean, standard deviation, minimum, maximum and median values for independent are provided.

Table 3 indicated the presence of multicollinearity. Correlation between these different size measures (LOGS and LOGA) is high.

2.2. Model tests

2.2.1. Model Adjustment

Table 4 tests the joint null hypothesis that all slope coefficients except the constant are zero. This is the analog of the F-statistic in linear regression models and tests the overall significance of the model. The number in parentheses is the degrees of freedom, which is the number of restrictions under test. The null hypothesis is rejected.

From the table 5, we can conclude that the model appears significant $R^2 = 0.804$.

2.2.2. Hypotheses tests

As can be seen by analysing table 6 and 7, six hypotheses (H1, H2, H3, H5, H6 and H7) are confirmed. In the model, LOGS, LOGA, ROE and CS are significant at the 10% level. IND is significant at the 5% level and DS is significant at the 1% level. First, IND and DS have both the expected sign. So we can conclude that the reputation of industry and the salience of diffuse stakeholders are positively correlated with the decision to disclose a stakeholder report in French firms. The salience of the contractual stakeholders significant at 10%. The results also indicate that the salience of diffuse stakeholders is more important than the salience of contractual stakeholders in this context (so H7 is confirmed). Second, two size variables (LOGS and LOGA) are significant. Their signs are not stable. The third hypothesis on the influence of financial performance is supported 5% level. The significant and negative association of SR with financial performance shows that improvements in financial results is not necessarily accompanied with an improvement in publication of SR. This result is

confirmed with the negative relationship observed between the decision and the influence of the contractual stakeholders. Third, we can conclude that there is an insignificant relation between the decision to disclose SR and degree of internationalisation of the firm.

2.2.3. Margin effect

Interpretation of the coefficient values is complex by the fact that estimated coefficients from a binary model cannot be interpreted as the marginal effect on the dependent variable. Note that is weighted by a factor f that depends on the values of all of the regressors in x . Note also that since the density function is nonnegative, the direction of the effect of a change in depends only on the sign of the coefficient. Positive values of b imply that increasing b will increase the probability of the response $y=1$; negative values imply the opposite.

An analysis of table 8 reveals two major results. First, the salience of diffuse stakeholders is the most important factor. Second, results indicate that salience of diffuse stakeholders and reputation of industry increase the probability to disclose a stakeholder's report ($\exp(b) > 1$). We can also conclude that the financial performance and salience of contractual stakeholders influence negatively the decision to disclose SR. The relationship with size is not explicitly defined.

DISCUSSION AND LIMITATIONS

This study proposes a model of the decision to disclose SR in terms of size, reputation of industry, financial performance, salience of stakeholders and degree of internationalisation of the firm. In summary, the model is well specified and the effects of multicollinearity do not appear serious overall. The results of the empirical test are of interest for several reasons. First, the significance of the model provides evidence that stakeholder theory is an appropriate foundation for empirical analyses of corporate social disclosure. Second, the results support that the salience of diffuse stakeholders, the reputation of the industry and the size of the firms

are the most important factors. Third, the relationship between the degree of internationalization and the decision studied is not confirmed. Fourth, the variables which have the most effect on the probability to $y = 1$ are the reputation of industry and the salience of diffuse stakeholders. The results of this study provide strong evidence that applications of stakeholder theory to empirical corporate social disclosure research can move future research in this area. Various limitations point to the need for more research on the determinants of the decision to disclose stakeholder's reports. The first limitation is related to the sample size. It is based on eighty-two firms. Future studies should attempt to incorporate a larger sample size to increase the generalizability of the results. The second limitation concerns the different measures used. This study should be replicated to test the model in other periods, using different measures. It relied on a reputational scale for the industry and a content analysis for the salience of stakeholders. Extensive efforts were made to develop accurate proxies for these factors. The introduction of a new measure helps reduce the biases of evaluators. Researchers need to find more robust ways of measuring stakeholder effects. It may never be possible to measure this objectively. Therefore research in this area could focus on perceptions of these effects.

TABLES

Table 1: Descriptive statistics for dependent variable

	Y=1	Y=0
2000	26	56
%	32.14%	67.86%

Table 2: Descriptive statistics for independent variables

2000	LOGS	LOGA	IND	RS	ROA	ROE	INT	CS	DS
Mean	15,08145	15,0886	10,14204	0,027918	0,046219	16,54802	0,369071	1,719512	2,121951
SD	1,716855	2,03405	3,78604	0,117581	0,104824	23,67809	0,317936	1,779682	1,550709
MIN	6,770789	5,198497	2,862745	-0,90013	-0,26705	-6,55	0	0	0
MAX	18,46622	18,83105	16,22549	0,21298	0,871683	158,25	1	5	5
Median	15,2043	15,18212	11,48039	0,03108	0,03204	11,42	0,375247	1	2

Table 3: Pearson correlation coefficients 2000

2000	ROA	RS	ROE	LOGS	LOGA	SD	SC	IND	INT
ROA	1								
RS	0,3857314	1							
ROE	0,014813	0,0767112	1						
LOGS	0,0858417	0,0835429	0,0319307	1					
LOGA	-0,365659	0,014764	-0,104041	0,9037393	1				
SD	0,1631174	-0,103894	0,0969894	0,2028121	0,2586737	1			
SC	0,0417496	0,1349209	0,0734605	0,2048805	0,2038697	0,6343566	1		
IND	0,0765057	0,0175996	0,1066432	0,0569045	0,0816408	0,2840223	0,275326	1	
INT	0,0664977	0,0916831	0,0583957	0,2460596	0,2337005	0,0031614	0,0142366	0,0862027	1

Table 4: Chi - square Tests

	Chi - square	Df	Sig
Model	68,388	9	0,000

Table 5: Model Adjustment

	-2 Log likelihood	R² Cox & Snell	R² Nagelkerke
2000	31,730	0,570	0,804

Table 6: Hypotheses tests

	B	SD.	Wald	Df	Sig
LOGS	4,068	2,220	3,358	1	0,067*
LOGA	-3,369	2,040	2,729	1	0,099*
IND	0,320	0,159	4,030	1	0,045**
ROA	-37,216	26,906	1,913	1	0,167
RS	42,292	27,419	2,379	1	0,123
ROE	-0,054	0,027	3,902	1	0,048**
INT	-2,324	1,928	1,453	1	0,228
CS	-1,181	0,656	3,245	1	0,072*
DS	2,687	0,834	10,386	1	0,001***
Constant	-16,486	6,609	6,222	1	0,013**

* significant at the 10% level ** significant at the 5% level *** significant at the 1% level

Table 7: Hypotheses tests

Variables	Sig	Hyp	Exp Sign	Sign
LOGS	S*	H1	+	+
LOGA	S*	H1	+	-
IND	S**	H2	+	+
ROA	NS		+ or -	-
RS	NS		+ or -	+
ROE	S**	H3	+ or -	-
INT	NS		+	-
CS	S*	H5 H7	+	-
DS	S***	H6 H7	+	+

NS no significant *significant at the 10% level **significant at the 5% level *** significant at the 1% level

Table 8: Marginal effect

	B	Exp(b)
LOGS	4,068	58,429
LOGA	-3,369	0,034
IND	0,320	1,377
ROA	-37,216	0,000
RS	42,292	2.10 ¹⁸
ROE	-0,054	0,948
INT	-2,324	0,098
CS	-1,181	0,307
DS	2,687	14,687
Constant	-16,486	0,000

NOTES

¹ Council on Economic Priorities

² Kinder Lydenberg Domini Compagny

REFERENCES

- Abbott, W. and Monsen, J. (1979) 'On the measurement of corporate social responsibility: Self reported disclosures as a method of measuring corporate social involvement', *Academy of Management Journal*, 22(3): 501-515.
- Adams, C.A. (2002) 'Internal organizational factors influencing corporate social and ethical reporting: Beyond current theorising', *Accounting, Auditing and Accountability Journal*, 15(2): 223-250.
- Adams, C.A. and Harte, G.F. (1998) 'The changing portrayal of the employment of women in British banks and retail companies corporate annual reports', *Accounting, Organizations and Society*, 23(8): 781-812.
- Adams, C.A., Hill, W.Y. and Roberts, C.B. (1995) *Environmental, employee and ethical reporting in Europe*, London: ACCA.
- Adams, C.A., Hill, W.Y. and Roberts, C.B. (1998) 'Corporate social reporting practices in western Europe: legitimating corporate behaviour?', *British Accounting Review*, 30(1): 1-21.
- Adams, C.A. and Kuasirikun, N. (2000) 'A comparative analysis of corporate reporting on ethical issues by UK and German chemical and pharmaceutical companies', *The European Accounting Review*, 9(1): 53-79.
- Alexander, G.J. and Buchholz, R.A. (1978) 'Corporate social responsibility and stock market performance', *Academy of Management Journal*, 21(3): 479-486.
- Anderson, J.C. and Frankle, A.W. (1980) 'Voluntary social reporting: An isobeta portfolio analysis', *The Accounting Review*, LV(3): 468-479.
- Baker, N.A. and Naser, K. (2000) 'Empirical evidence on corporate social disclosure practices on Jordan', *International Journal of Commerce and Management*, 10: 18-34.

- Becker, E.R. and Potter, J. S. (2002) 'Organizational rationality, performance and social responsibility results from hospital industry', *Journal of Health and Care Finance*, 29: 23-48.
- Belkaoui, A. (1976) 'The impact of the disclosure of the environmental effects of organizational behaviour on the market', *Financial Management*, 5(4): 26-31.
- Belkaoui, A. and Karpik P. (1989) 'Determinants of the corporate decision to disclose social information', *Accounting, Auditing and Accountability Journal*, 2(1): 36-51.
- Berman, S., Wicks, A., Kotha, S. and Jones, T. (1999) 'Does stakeholder orientation matter ? The relationship between stakeholder management models and firm financial performance', *Academy of Management Journal*, 42(5): 488-506.
- Bowman, E. and Haire, M. (1975) 'A strategic posture toward corporate social responsibility', *California Management Review*, 18(2): 49-58.
- Bowman, E. (1978) 'Strategy, annual reports and alchemy', *California Management Review*, 20(3): 64-71.
- Bragdon, J.H. and Marlin, J.A.T. (1972) 'Is pollution profitable ?', *Risk Management*, 19(4): 9-18.
- Brenner, S.N. and Molander, E.A. (1977) 'Is the ethics of business changing ?', *Harvard Business Review*, 58(1): 54-65.
- Chen, H.K. and Metcalf, R.W. (1980) 'The relationship between pollution control record and financial indicators revisited', *The Accounting Review*, LV(1): 168-177.
- Chow, C.W and Boren, A.W. (1987) 'Voluntary financial disclosure by Mexican corporations', *The Accounting Review*, LXII(3): 533-541.
- Clarkson, M.B.E. (1995) 'A stakeholder framework for analysing and evaluating corporate social performance', *Academy of Management Review*, 20(1): 92-117.

- Cochran, P.I. and Wood, R.A. (1984) 'Corporate social responsibility and financial performance', *Academy of Management Journal*, 27(1): 42-56.
- Cormier, D. and Gordon, I.M. (2001) 'An examination of social and environmental reporting strategies', *Accounting, Auditing and Accountability Journal*, 14(5): 587-616.
- Cormier, D. and Magnan, M. (1996) 'L'attitude des investisseurs boursiers face au bilan environnemental de l'entreprise : une étude canadienne', *Comptabilité, Contrôle et Audit*, Tome 2, 2: 25-49 'Investors' attitudes with environmental disclosures : A Canadian study?.
- Cornell, B. and Shapiro, A. (1987) 'Corporate stakeholders and corporate finance', *Financial Management*, Spring: 5-14.
- Cowen, S., Ferreri, L.B. and Parker, L.D. (1987) 'The impact of corporate characteristics on social responsibility : A typology and frequency based analysis', *Accounting, Organizations and Society*, 12(2): 111-122.
- Damak-Ayadi, S. (2004) *La publication des rapports sociétaux par les entreprises françaises*, Thèse en Sciences de Gestion, Université de Paris 9 Dauphine 'Publication of stakeholders' reports by french companies, PHD, Paris 9 Dauphine University?.
- Decock, G.C. (2001) *Des déterminants de la responsabilité sociétale des entreprises : le cas du mécénat*, Thèse en Sciences de Gestion, Université de Paris 9 Dauphine 'Determinants of corporate social responsibility, PHD, Paris 9 Dauphine University?.
- Donaldson, T. and Preston, L.E. (1995) 'The stakeholder theory of corporation : concepts, evidence and implications', *Academy of Management Review*, 20(1): 5-91.
- Fogler, A.R. and Nutt, F. (1975) 'A note on social responsibility and stock valuation', *Academy of Management Journal*, 18(1): 155-160.
- Freeman, R.E. (1984) *Strategic management: A stakeholders approach*, Boston: Pitman.

- Freedman, M. and Jaggi, B. (1982) 'The SEC's pollution disclosure requirements, are they meaningful?', *California Management Review*, 24(2): 60-67.
- Freedman, M. and Jaggi, B. (1988) 'An analysis of the association between pollution disclosure and economic performance', *Accounting, Auditing and Accountability*, 1(2): 43-58.
- Fry, E.L. and Hock, R.J. (1976) 'Who claims corporate responsibility? The biggest and the worst', *Business and Society Review*, 18: 62-65.
- Gamble, G., Hsu, K., Jackson, C. and Tollerson C. (1996) 'Environmental disclosures in annual reports: an international perspective', *International Journal of Accounting*, 31(3): 293-331.
- Gray, R. and Bebbington, J. (2001) *Accounting for the Environment*, London: SAGE publications.
- Gray, R., Kouhy, R. and Lavers, S. (1995) 'Corporate social and environmental reporting : a review of the literature and longitudinal study of UK disclosure', *Accounting, Auditing and Accountability Journal*, 8(2): 47-77.
- Gray, R. , Javad, M., Power, D.M. and Sinclair, C.D. (2001) 'Social and environmental disclosure and corporate characteristics : A research note and extension', *Journal of Business Finance and Accounting*, 28(3/4): 327-356.
- Guthrie, J. and Parker, L.D. (1989) 'Corporate social reporting : A rebuttal of legitimacy theory', *Accounting and Business Research*, 19(76): 343-352.
- Guthrie, J. and Parker, L.D. (1990) 'Corporate social disclosure practice: a comparative international analysis', *Advances in Public Interest Accounting*, 3: 159-175.
- Hackston, D. and Milne, M. (1996) 'Some determinants of social and environmental disclosures in New Zealand', *Accounting, Auditing and Accountability Journal*, 9(1): 77-108.

- Henriques, I. and Sadorsky, P. (1996) 'The determinants of an environmentally responsive firm : An empirical approach', *Journal of Environmental Economics and Management*, 30: 381-395.
- Henriques, I. and Sadorsky, P. (1999) 'The relationship between environmental commitment and managerial perceptions of stakeholder importance', *Academy of Management Journal*, 42(5): 87-99.
- Herremans, I.M., Akathaporn, P. and Mc Innes, M. (1993) 'An investigation of corporate social responsibility reputation and economic performance', *Accounting, Organizations and Society*, 18: 587-604.
- Hogner, R.H. (1982) 'Corporate social responsibility: eight decades of development at US Steel', *Research in Corporate Performance and Policy*, 243-250.
- Ingram, R.W. (1978) 'An investigation of the information content of certain social responsibility disclosures', *Journal of Accounting Research*, 10(2): 270-285.
- Ingram, R.W. and Frazier, K.B. (1980) 'Environmental performance and corporate disclosure', *Journal of Accounting Research*, 18(2): 614-622.
- Ingram, R.W. and Frazier, K.B. (1983) 'Narrative disclosures in annual reports', *Journal of Business Research*, 11: 49-60.
- Jones, J.M. and Wicks, A.C. (1999) 'Convergent stakeholders theory', *Academy of Management Review*, 24(2): 206-221.
- Lerner, L.D. and Fryxell, G.E. (1994) 'CEO stakeholders attributes and corporate social activity in fortune 500', *Business and Society*, 3(1): 58-81.
- Luoma, P. and Goodstein, J. (1999) 'Stakeholders, and corporate boards : Institutional influences on board composition and structure', *Academy of Management Journal*, 42(5):553-563.

- McGuire, J., Sundgren, A. and Schneeweis, T. (1988) 'Corporate social responsibility and financial performance', *Academy of Management Journal*, 31(4): 854-872.
- McWilliams, A. and Siegel, D. (2001) 'Corporate social responsibility : a theory of the firm perspective', *Academy of Management Review*, 26(1): 117-127.
- Meznar, M.B., Nigh, D. and Kwok, C.C.Y. (1994) 'Effect of announcements of withdrawal from South Africa on stockholder wealth', *Academy of Management Review*, 37(6): 1633-1648.
- Mitchell, R., Agle, B. and Sonnenfeld, J. (1999) 'What matters to CEOs ? An investigation of stakeholder attributes and salience, corporate performance and CEO values', *Academy of Management Journal*, 42(5): 507-525.
- Moneva, J.M. and Llena, F. (2000) 'Environmental disclosures in the annual reports of large companies in Spain', *The European Accounting Review*, 29(1): 7-29.
- Moskowitz, M.R. (1972) 'Choosing socially responsible stocks', *Business and Society Review*, 1: 71-75.
- Ness, K.E. and Mirza, A.M. (1991) 'Corporate social disclosure: a note on a test of agency theory', *British Accounting Review*, 23(3): 211-218.
- Neu, D., Warsame, H. and Pedwell, K. (1998) 'Managing public impressions : environmental disclosures in annuals reports', *Accounting, Organisations and Society*, 23(3): 265-282.
- Niskala, M. and Pretes, M. (1995) 'Environmental reporting in Finland: a note on use of annual reports', *Accounting, Organisations and Society*, 20(6): 457-466.
- Pelle, C.I. (1998), *Du paradoxe de la diffusion d'informations environnementales par les entreprises européennes*, Thèse en Sciences de Gestion, Université de Paris 9 Dauphine
- Environmental Disclosures informations in European firms, PHD, Paris 9 Dauphine University?.

- Preston, L.E. (1978) 'Analysing corporate social performance: Methods and results', *Journal of Contemporary Business*, 7(1): 135-150.
- Roberts, R.W. (1992) 'Determinants of corporate social responsibility disclosure : an application of stakeholder theory', *Accounting, Organizations and Society*, 17(6): 595-612.
- Ruf, B.M., Muralidhar, K., Brown, R. M., Janney, J. J. and Paul, K. (2001) 'An empirical investigation of the relationship between change in corporate social performance and financial performance: A stakeholder theory perspective', *Journal of Business Ethics*, 32(2): 143-156.
- Scott, S.G. and Lane, V.R. (2000) 'A stakeholder approach to organizational identity', *Academy of Management Review*, 25(1): 43-62.
- Shane, P.B. and Spicer, B.H. (1983) 'Market response to environmental information produced outside the firm', *The Accounting Review*, 58: 521-538.
- Singh, D.R. and Ahuja, J.M. (1983) 'Corporate social reporting in India', *International Journal of Accounting*, 18(8): 151-169.
- Spicer, B.H. (1978) 'Investors corporate social performance and information disclosure: an empirical study', *The Accounting Review*, LIII(1): 94-111.
- Stanwick, S.D. and Stanwick, P.A. (1998) 'The relationship between corporate social performance and organizational size, financial performance and environmental performance: an empirical examination', *Journal of Business Ethics*, 17(2): 195-204.
- Tilt, C.A. (1994) 'The influence of external pressure groups on corporate social disclosure : Some empirical evidence', *Accounting Auditing and Accountability Journal*, 7(4): 44-72.

Trotman, K.T. and Bradely, G.W. (1981) 'Associations between social responsibility disclosure and characteristics of companies', *Accounting, Organisations and Society*, 6(4): 355-362.

Vance, S.C. (1975) 'Are socially responsible corporations good investment risks?', *Management Review*, 64: 19-24.

Weaver, G., Trevino, L. and Cochran, P. (1999) 'Integrated and decoupled corporate social performance : A management commitments, external pressures and corporate ethics practices', *Academy of Management Journal*, 42(5): 539-552.

Williams, S.M. and Pei, C.A.H.W. (1999) 'Corporate social disclosures by listed companies on their web sites: An international comparison', *The International Journal of Accounting*, 34(3): 389-419.

Zeghal, D. and Ahmed, A.S. (1990) 'Comparison of social responsibility information disclosure media used by Canadian firms', *Accounting, Auditing and Accountability Journal*, 3(1): 38-53.

APPENDIX
Appendix 1: Reputation indexes

<i>Industry</i>	<i>M</i>	<i>SD</i>	<i>MED</i>	<i>Min</i>	<i>Max</i>
Nuclear	16.22	5.95	19	0	20
Automobile	15.43	3.95	16	4	20
Energy	13.98	4.88	15	0	20
Chemical	13.74	5.08	15	1	20
Nickel	13.15	5.22	14	0	20
Industrial materials	12.94	4.17	13	1	20
Gas	12.81	5.27	14	0	20
Transport	12.21	4.32	12	2	20
Maintenance products	12.13	4.36	13	1	19
Waste traitement	12.02	5.98	13	0	20
Aeronautical	11.88	4.36	12	2	20
Road construction	11.48	4.04	11	1	19
Electronic materials	9.46	3.77	9	2	18
Farm produce	8.03	4.99	7	0	20
Building	7.75	4.13	8	0	20
Cosmetic	6.50	4.47	6	0	19
Distribution	5.89	3.42	6	0	19
Catering	4.14	3.41	3.5	0	15
Services and communication	3.73	3.98	3	0	16
Health	3.52	3.73	2	0	18
Optic	2.86	2.97	2	0	14

M: mean, SD: standard deviation, MED: median, Min: minimal value, Max: maximal value

Appendix 2: Example of the salience of stakeholders : AUCHAN

Stakeholders' group	AUCHAN	Salience
Contractual Stakeholders	Stockholders	X
	Employees	X
	Costumers	X
	Suppliers	
	Others	
	Total CS	3
Diffuse Stakeholders	Public organisations	
	Community	
	NGO	X
	Public opinion	
	Others	
	Total DS	1